Dated: 20 Oct 2025

# UltraTech Cement (UTCEM) - SELL

## Q2FY26 Result Update

| Current Market Price (CMP) | Fair Value (FV) |
| --- | --- |
| Rs.12370 | Rs.7600 |

## Rationale:

- UTCEM's Q2FY26 standalone EBITDA was below estimates on lower margins.
- Company has announced phase IV of its expansion plan, which will add 22.8 mtpa.
- Capex for this phase at Rs105 bn implies an attractive ~US$50/ton cost.
- This will further extend UTCEM's leadership to ~235 mtpa capacity in India by FY29E.
- We expect margins to improve only in the latter part of H2FY26 after festive season.
- We bake in standalone EBITDA of Rs1,167/1,212/1,283/ ton in FY2026/27/28E.
- We value the company 9.5x EV/EBITDA December 2027E.

### Positives:

- Disclosed LFL volume growth of 6-7% yoy (incl. Kesoram/India Cement) was above ~4-5% industry growth.
- Blended realizations increased 1.5% qoq (+2.4% yoy).

### Negatives:

- Cost/ton increased 9.1% qoq (-1.2% yoy).
- Blended margins (EBITDA/ton) stood at Rs935/ton (our estimate: Rs1,032/ton).
- Near-term price hikes appear unlikely, given GST pass-through optics.
- UTCEM's consolidated net debt saw sequential increase of ~Rs3,400 cr.

(EV: Enterprise Value; EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization; MTPA: Million Tons Per Annaum; 1 million: 10 lakh; GST: Goods and Services Tax)

The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com).Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

## RATING SCALE (PRIVATE CLIENT GROUP)

### Definitions of ratings

| | | |
|---|---|---|
| **BUY** | – | We expect the stock to deliver more than 15% returns over the next 12 months |
| **ADD** | – | We expect the stock to deliver 5% - 15% returns over the next 12 months |
| **REDUCE** | – | We expect the stock to deliver -5% - +5% returns over the next 12 months |
| **SELL** | – | We expect the stock to deliver < -5% returns over the next 12 months |
| **NR** | – | **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only. |
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| **NOTE** | – | Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark. |

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